

## 16. Other Events

Participants in the Global Forum met, in addition to the Plenary and Specialty Sessions, at two luncheons and one dinner in the Benjamin Franklin Room of the Department of State. At these events, statements pertinent to the subject of the Forum were also offered. This section provides a summary of those statements, the full texts of all of which may be found in the Appendix.

### Robert E. Rubin Secretary of the Treasury United States

Secretary of the Treasury Robert E. Rubin delivered an address during a luncheon on Wednesday, February 24.

Secretary Rubin said that the fact that so many world leaders, representing so many countries and organizations, had gathered to discuss combating corruption demonstrates the importance of that issue. Not long ago, discussing corruption in any conference of this nature would have been unthinkable. As a result of the work of the Vice President and others in the United States Administration, organizations like the World Bank, the International Monetary Fund and the OECD, and groups such as Transparency International, there is an increased international awareness of the corrosive effect of corruption and focus on strategies to combat it.

Corruption is a social and political issue. An accountable, responsive and honest government is central to its legitimacy and ultimately to political and social stability. There are many instances of governments that lost public support in part because of corruption. Corruption is also very much an economic issue, which sovereign nations in the developing and industrial world and through international institutions can address.

The background for these observations is the development of the global economy. A central lesson of this is that nations must be able to attract capital to foster growth. Among the factors that are important to attracting private capital is good governance, and in particular, effectively combating corruption. Corruption disrupts normal business and public policy decision-making. It distorts allocation of financial and human resources to inefficient uses often inconsistent with national needs. It discourages small business, entrepreneurs and consumers. It discourages foreign investment. It damages respect for laws and public and financial institutions, and creates an environment conducive to crime, including organized crime.

The economic dimension of corruption has been demonstrated by the world financial crisis. In some countries, corruption increased vulnerability to crisis. In others, corruption was a significant impediment to implementing necessary responses and an obstacle to restoring confidence. In some countries, corruption is so pervasive that it is a threshold economic issue that undermines the country's ability to succeed in the global economy.

Corruption exists everywhere, but is especially troubling in developing countries, because it diverts scarce resources in economies where such diversion has much greater impact. There are at least five elements critical to effectively combating corruption. Nations must have good, clear laws and regulations that can be easily and reliably enforced. This requires independent and adequately funded courts and law enforcement. Nations must eliminate unnecessary controls and reduce state involvement in the economy. They must create a well-supervised, soundly regulated, competitive financial system that is not subject to credit decisions based on personal or political connections. The transparency and accountability of government operations and decision-making should be increased. Finally, nations must create sound civil service systems

1.2 Systems for open and merit based hiring and promotion with objective standards.

with strict conflict of interest rules, appropriate sanctions for malfeasance, and adequate

compensation for employees. A key part of strengthening civil service systems is to create strong, independent anticorruption investigative units. The United States has placed strong emphasis on creating units such as Inspectors General to prevent and combat corruption.

Much of the responsibility for putting these five elements into place rests with developing nations, but the industrial world can support this effort.

Developed countries must deal with their involvement in corruption. Several OECD countries have not ended tax deductibility of bribes, and they should do so. There should be vigorous monitoring of implementation of the OECD

5.4 Government revenue collection systems that deter corruption, in particular by denying tax deductibility for bribes or other expenses linked to corruption offenses.

Convention. The United States would favor more work in the OECD Export Credit Participants Group to encourage increased efforts by official export credit agencies to eliminate bribery. Industrial nations can provide technical assistance to developing nations that are establishing institutions that combat corruption. The IMF should include more explicit consideration of weakness in governance in all Fund programs, and provide assistance conditioned on efforts to confront corruption. The multilateral development banks need to establish clearer and more uniform procurement rules.

Finally, the international community is gaining consensus that it is important for the international financial institutions to direct development assistance to countries that can use it best. Corruption must be an increasingly

important factor for IFI's in making decisions about assistance. It is very important for IFI's to cut off assistance when corruption undermines the viability and effectiveness of reform programs. Scarce development resources should not be wasted in countries that are not prepared to confront and combat corruption seriously, but rather should be channeled to countries that will use the assistance most effectively.

Janet Reno  
Attorney General  
United States

Attorney General Reno delivered remarks at a dinner on Wednesday, February 24.

Corruption, especially judicial and law enforcement corruption, is one of the most invidious threats to the political and economic health of a nation and its people. What is at stake is not just the personal reputations of judicial and law enforcement officials, but their success and credibility as leaders in the fight against crime and the pursuit of justice.

Although the challenge is great, there is much that can be done, individually and cooperatively. The principles and practices contained in the statement of Guiding Principles for Fighting Corruption that was developed for the Global Forum sample the great diversity of actions different countries have taken. This document can help establish international standards for preventing and combating governmental corruption.

As that document makes clear, there is no one prescription that will stop judicial and law enforcement corruption in all places. Each country must define its own approaches to the problem that are comprehensive, yet appropriately respond to the political, legal, economic and cultural conditions of each country.

Together, participants should continue to work at the highest levels to define and implement complementary strategies to address corruption. Most importantly, they must mobilize public condemnation of corruption and graft in government, so that these are never viewed as acceptable.

Fostering international cooperation and the rule of law is one of the top priorities of the United States International Crime Control Strategy. This emphasizes the need for cooperative efforts between United States and other law enforcement agencies around the world. In the fight against judicial and police corruption, criminals often have a sophisticated understanding of the criminal justice system, or may have ties to organized crime. There is thus

10.2 Systems to enhance international legal assistance to governments seeking to investigate and prosecute corruption violations.

particularly strong need for rapid mutual access to evidence,

witnesses and fugitives, as well as the other tools necessary for effective criminal investigations. It is necessary to continue to negotiate new bilateral and multilateral agreements to create a seamless web for prompt location, arrest and prosecution of international fugitives. It is critically important that nations collectively deny safe havens to international criminals who corrupt public institutions, and exploit national borders to escape justice and enjoy ill-gotten gains.

10.1 Systems for swift and effective extradition so that corrupt public officials can face judicial process.

Gatherings like this Global Forum afford an opportunity to learn from each other, to raise international consciousness of this issue, and generate the political energy needed to continue the campaign against corruption, domestically and internationally. The Attorney General hoped that this would mark the beginning of regular international gatherings at senior levels to follow through on things that were discussed during this Global Forum.

Frank E. Loy  
Under Secretary of State for Global Affairs  
United States

Under Secretary Loy offered remarks at a luncheon on Thursday, February 25.

For the past two days, participants had been discussing corruption and how to fight it. Under Secretary Loy wished to address the broader subject of the rule of law and its importance.

No anticorruption strategy can succeed without broader commitment to two larger requirements. The first is an independent judiciary based on a rule of law regime, including the concept of due process and the principle that the rule of law applies equally to all. The second requirement is a government that is open, accountable and transparent.

In the International Crime Control Strategy last year, the President specified a series of specific goals, one of which is to foster international cooperation and the rule of law. The Under Secretary of State for Global Affairs has responsibility for rule of law policies. The objectives prescribed in the Strategy for attaining this goal include: establishment of accepted global standards for fighting international and trans-border crime; improving law enforcement collaboration with foreign governments; and strengthening the position of the rule of law as the foundation of democratic governments and free market economies that are as free as possible from corruption.

The last objective has particular significance for emerging democracies or countries seeking to rebuild democratic institutions in the aftermath of civil conflict. Such countries were particularly vulnerable to corruption and trans-border crime. The theme common to all these objectives is that laws and institutions are insufficient as barriers to corruption in a society that lacks a culture of trust and an atmosphere of openness and accountability. The United States, although its system was not perfect, could share 200 years' experience with other countries that shared the United States commitment to the rule of law.

Secretary of State Albright has made the rule of law a central feature of United States foreign policy. She understands the centrality of rule of law to other important foreign policy goals, such as promoting democracy and human rights, building free and fair markets, fighting international crime and terrorism. Moreover, a growing proportion of United States international assistance is being devoted to rule of law objectives, including training law enforcement agencies, assisting judicial reform, providing advice on legislation, but there is not yet a coherent strategy for applying this assistance. For that reason, a new position had been created at the Department of State for a Senior Coordinator for the Rule of Law, which had been filled by Mr. Joseph Onek.

He will be responsible to coordinate rule of law efforts of various bureaus in the Department of State and of other United States government agencies. He will develop rule of law strategies for a few specific countries. He will serve as the Department's principal liaison on these issues with the non-governmental organization community, business and other governments that share United States goals.

This new position follows decades of international activity in this subject by the United States. In some Latin American nations, the United States has supported efforts to make the criminal justice system more effective. In 1996, the Organization of American States sponsored the Inter-American Convention Against Corruption, which requires parties to criminalize trans-border bribery of public officials. The United States hopes to ratify this Convention soon. Last year's Santiago Summit of the Americas agreed on a plan of action against corruption in this hemisphere. Rule of law assistance programs were being carried out in the newly independent states of the former Soviet Union and the former Eastern Bloc. In Bosnia, the United States contributed policy to a United Nations force that monitors local police and instructs them in democratic police procedures. The United States was cooperating closely with Mayor Orlando of Palermo to advance the global "Civitas" movement in support of civic education against corruption.

In Specialty Sessions following this luncheon, the speaker suggested the following questions that might be discussed: how could governments cooperate to promote change? what concrete steps could they take following this

conference? how does each participant address corruption, domestically and internationally?

Stephen Breyer  
Associate Justice  
Supreme Court of the United States

Justice Breyer also offered remarks at the luncheon on Thursday, February 25.

Years ago, in a statement that summarized the motivating goals for this meeting, President Kennedy said:

There can be no dissent from the principle that all officials must act with unwavering integrity, absolute impartiality and complete devotion to the public interest.

Today, participants are asking how to achieve such integrity in practice, and as important, how to convince the citizens of their nations that they had done so. This was necessary if governments are to maintain the public trust that underlies the proper functioning of democratic institutions.

A growing number of nations throughout the world now understand that both the liberty and the prosperity of their citizens depend on the development and maintenance of a strong independent judiciary. Globalization of communications has led to broader understanding of how independent judges guarantee basic human rights, and globalization of industry has led to greater insistence by business and consumers on honest, efficient court systems.

"Judicial independence", a critical element of a strong judicial system, imposes obligations on other branches of government and on judges. Independence requires judges whose services do not depend on political officials, whose salaries cannot be reduced because of unpopular decisions, and who have resources adequate to perform their duties. The judiciary must be able to assure the public that it is honest and effective, including freedom from corruption.

No single set of laws can guarantee judicial integrity. Building an honest, independent judiciary is easier said than done. The independence of the United States judiciary has been built slowly over 200 years, and this task is never done.

While no specific set of laws can guarantee honesty, certain laws do help. Laws requiring financial disclosure of judges, when combined with a free press, provide public assurance of confidence in the judiciary's integrity.

5.1 Systems to promote transparency, such as through disclosing the financial circumstances of senior officials.

Evaluation is an important aspect of the problem of judicial integrity. It is, however, often difficult, because of the difficulty of measuring such things as the "quality" of a national judicial system. Yet evaluations do exist, by human rights organizations. While evaluations of judicial systems have not been as frequent by potential investors, it may become more common for private efforts to address the quality of a judicial system as part of a measurement of investment risk. Such evaluations might be made in ways that could provide an appropriate incentive for change. In evaluating potential new member countries, the European Union had attached an important priority to effective and corruption-free judicial institutions. This EU experience might be examined.

Developing and maintaining the integrity of any judiciary, including that of the United States, is a complex task, requiring time to build habits and expectations. This means, however, that each small improvement helps, because it builds upon itself by changing expectations and producing expectations of further improvements. Once achieved, the integrity of a judicial system is a national treasure, and is a necessary condition for that judicial independence which protects basic human liberties and promotes the prosperity of citizens of all nations.

